

ASSEMBLY BILL

No. 975

Introduced by Assembly Member Ma

February 18, 2011

An act to add Section 612 to the Unemployment Insurance Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 975, as introduced, Ma. Professional employer organizations.

Existing law requires employers to make specified payments and withholdings from wages paid for employment to the Employment Development Department, which also is charged with administering the state's unemployment insurance program. Existing law also requires employers, as defined, to register with the department, and imposes penalties on employers for failure to register.

This bill would prohibit a person or entity from providing, advertising for, or otherwise holding itself out as providing, professional employer services in the state, unless that person or entity is registered as a professional employer organization with the department. The bill would require the director to prescribe rules establishing the method for professional employer organizations to report quarterly wages and contributions to the director for worksite employees, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 612 is added to the Unemployment
- 2 Insurance Code, to read:

1 612. (a) A person or entity shall not provide professional
2 employer services, advertise for professional employer services,
3 or otherwise hold itself out as providing professional employer
4 services in this state unless that person or entity is registered as a
5 professional employer organization with the department.

6 (b) The director shall prescribe rules establishing the method
7 for professional employer organizations to report quarterly wages
8 and contributions to the director for worksite employees.

9 (1) The rules shall recognize the professional employer
10 organization as the employing unit of its worksite employees for
11 reporting purposes. However, the rules may require that each
12 worksite employee of a single client be reported under a separate
13 and unique department subaccount of that client of the professional
14 employer organization to reflect the experience of the worksite
15 employees for a client.

16 (2) A department subaccount shall be used solely to determine
17 experience rates for that individual department subaccount on an
18 annual basis and shall recognize a professional employer
19 organization as the employing unit associated with each department
20 subaccount. The rate and experience existing on a client's
21 department account prior to entering into a professional employer
22 agreement shall be combined with the experience accumulated as
23 an department subaccount of the professional employer
24 organization and the combined experience shall remain with the
25 client account upon termination of the professional employer
26 agreement.

27 (3) The rules promulgated pursuant to this division shall include
28 administrative requirements that permit a professional employer
29 organization to transmit the reporting and payments date required
30 by this section collectively as a single electronic filing with the
31 director.